

Water Rate Frequently Asked Questions

Why did the City adopt a water conservation rate structure?

Maple Grove adopted its water billing structure to comply with a 2008 Minnesota state statute change requiring all metropolitan public water suppliers adopt a water conservation rate structure.

What is a water conservation rate structure?

A "conservation rate structure" means a rate structure that encourages water conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The increasing block rate structure is the most common method used by public water suppliers in the metro area.

Who determined the water conservation rate structure?

The water conservation rate structure was based on residential customer usage. About 95% of Maple Grove's residential customers use 20,000 gallons or less during the winter quarter, and about 50% of Maple Grove's residential customers use 40,000 gallons or less per quarter during "summer" months. The base rate of \$0.90 per 1,000 gallons did not increase for the first tier of consumption. The rates for the other two tiers were based on an average annual demand of 3.3 Billion Gallons per Year, estimating revenue to offset operation and maintenance costs.

Why is the rate for the third tier nearly double the base rate?

Pricing was programmed to fund most of the annual water utility expense from Tier 1 and Tier 2 consumption charges, keeping the base rate unchanged. The rate for the third tier reflects the remaining budget needs, and relatively higher costs associated with producing Tier 3 water such as peak-hour energy rates, supplemental maintenance, DNR permit surcharge fee, etc.

How does Maple Grove's water conservation rate compare to others?

Maple Grove is one of the lowest priced water service systems in the metro area. The following table provides a comparison to some other metro area communities:

<u>City</u>	<u>Base Rate</u> [*]	<u>Estimated Water Costs</u>			
		<u>Max. Rate</u> [*]	<u>20,000 Gal.</u> ^{**}	<u>40,000 Gal.</u> ^{**}	<u>100,000 Gal.</u> ^{**}
Maple Grove	\$0.90	\$1.75	\$20	\$45	\$150
Brooklyn Park	\$1.65	\$3.30	\$33	\$66	\$234
Plymouth	\$1.26	\$2.72	\$38	\$75	\$238
Minnetonka	\$1.81	\$3.62	\$37	\$78	\$265
Golden Valley	\$4.34	\$4.37	\$87	\$174	\$435

* per 1,000 gallons

** per quarter

How is revenue from water consumption charges used?

The City's water utility fund is a standalone enterprise. Revenues generated within the fund are used to operate and maintain the City's water system.

What measures are typically included in a water conservation program?

Metro area water suppliers typically include a water conservation rate structure in their water conservation programs. Maple Grove's water conservation program also includes:

- an annual audit of water system use, to evaluate water loss;
- performing maintenance on valves and hydrants in street reconstruction areas, to remove and prevent leaks;
- conducting leak testing on a percentage of pipe each year;
- examining customer use for pattern which may indicate a "dripping" fixture or a leak;
- requirement for irrigation systems to include moisture sensor to prevent over-watering;
- a water meter maintenance/replacement program;
- water conservation education.

The above measures are useful for addressing water loss through leaks. However they are not necessarily effective for reducing (peak) water demand for lawn watering. Some communities implement lawn watering restrictions on odd and even days, while other communities ban lawn watering during certain hours of the day to reduce seasonal water use demand. Maple Grove's conservation program does not include such measures, except for emergency.